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By: **Delegate Barve**  
Introduced and read first time: February 13, 2004  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Examination Requirements - Accredited Entities**

3 FOR the purpose of requiring the Insurance Commissioner to consider the  
4 accreditation status of an authorized insurer, an authorized health maintenance  
5 organization, or certain other entities when deciding to conduct a certain  
6 examination; requiring the Commissioner to give priority to the examination of  
7 certain entities not accredited by certain organizations under certain  
8 circumstances; and generally relating to the authority of the Insurance  
9 Commissioner to examine certain entities.

10 BY repealing and reenacting, with amendments,  
11 Article - Insurance  
12 Section 2-205  
13 Annotated Code of Maryland  
14 (2003 Replacement Volume)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Insurance**

18 2-205.

19 (a) (1) Whenever the Commissioner considers it advisable, the  
20 Commissioner shall examine the affairs, transactions, accounts, records, and assets of  
21 each:

- 22 (i) authorized insurer;
- 23 (ii) management company of an authorized insurer;
- 24 (iii) subsidiary owned or controlled by an authorized insurer;
- 25 (iv) rating organization; or
- 26 (v) authorized health maintenance organization.

1           (2)     The Commissioner shall examine each domestic insurer and health  
2 maintenance organization at least once every 5 years.

3           (b)     The Commissioner shall examine the affairs, transactions, accounts,  
4 records, and assets of:

5           (1)     each insurer and each health maintenance organization that applies  
6 for an original certificate of authority to do business in the State; and

7           (2)     each rating organization that applies for a license to do business in  
8 the State.

9           (c)     When examining a reciprocal insurer, the Commissioner may examine the  
10 attorney in fact of the reciprocal insurer to the extent that the transactions of the  
11 attorney in fact relate to the reciprocal insurer.

12          (d)     The Commissioner may limit the examination of an alien insurer to its  
13 insurance transactions and affairs in the United States.

14          (e)     Instead of conducting an examination, the Commissioner may accept a full  
15 report, certified by the insurance supervisory official of another state, of the most  
16 recent examination of a foreign insurer or health maintenance organization, alien  
17 insurer or health maintenance organization, or an out-of-state rating organization.

18          (F)     IN DETERMINING WHETHER TO CONDUCT AN EXAMINATION AS  
19 AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION, THE COMMISSIONER SHALL:

20                 (1)     DETERMINE WHETHER THE INSURER, ORGANIZATION, OR OTHER  
21 ENTITY UNDER SUBSECTION (A) OF THIS SECTION IS ACCREDITED BY A NATIONALLY  
22 RECOGNIZED ACCREDITING ORGANIZATION AS MEETING STANDARDS THAT ARE THE  
23 SAME OR SUBSTANTIALLY SIMILAR TO THE STATUTORY AND REGULATORY  
24 STANDARDS TO BE EXAMINED; AND

25                 (2)     GIVE PRIORITY IN THE SCHEDULING AND CONDUCTING OF  
26 EXAMINATIONS TO THOSE INSURERS, ORGANIZATIONS, AND OTHER ENTITIES  
27 UNDER SUBSECTION (A) OF THIS SECTION THAT ARE NOT ACCREDITED BY A  
28 NATIONALLY RECOGNIZED ACCREDITING ORGANIZATION.

29          SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2004.